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## Continuing Tensions in the Taiwan Straits: Regional and Global Implications

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Just before midnight on 29 July 1999, the entire island of Taiwan experienced an electrical blackout – the worst in decades. Many of its 22 million inhabitants feared that the latest crisis across the Taiwan Straits had led to the long-awaited military confrontation over Taiwanese sovereignty. Fortunately the Taiwanese military command swiftly ruled out foul play involving mainland China, noting that all of its own command and communication systems were operating normally due to their independent power supply.<sup>1</sup>

### Fears of Invasion

With the heightened tensions between Taiwan and the communist leadership of the People's Republic of China (PRC), this power blackout could have signalled the start of the oft-threatened Chinese military plan to seize Taiwan. The so-called "T-Day" would have pitted the People's Liberation Army (PLA), which includes all of China's nuclear, land, sea and air forces, in a regionally destabilizing military conflict with the island's defence forces. It would also have likely drawn in American naval and air forces stationed in the

East Asian region.

Tensions between the mainland and the island date back to 1949 when Kuomintang (KMT-Nationalist Party) forces under Generalissimo Chiang Kai-shek fled to Taiwan after being defeated by the victorious PLA under Mao Zedong. But both the KMT government in Taipei and the Chinese Communist Party (CCP) government in Beijing have claimed that there is only "one China" in which Taiwan is a province and that it alone is the legitimate government. This arrested civil war has been continued since through aggressive propaganda campaigns, competition for diplomatic recognition and the "China seat" in various international

forums, intrusive espionage operations, and an occasional limited military confrontation, such as the 1958 Quemoy-Matsu islets crisis.

While a massive PLA air and sea assault on Taiwan is widely thought unlikely, there is the constant possibility of limited Chinese shows of force to influence events on the island. In March of 1996, China test-fired intermediate-range missiles into the waters near the island's major northern and southern ports in an attempt to influence Taiwan's first democratic presidential elections. CCP leaders in Beijing believe that such shows of force are necessary to counter pro-independence pressures on the island and to hasten the ulti-



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mate "reunification of the Chinese motherland" – namely by integrating of the "renegade province" back into mainland China. They have repeatedly stated that they would use force to reunite Taiwan should the governing leadership in Taipei declare independence.

In a 9 July 1999 *Deutsche Welle* international radio interview, Taiwanese president Lee Teng-hui declared that his KMT government would re-define Taiwan's status as "a separate state but not an independent country" from China, and that, in the future, Taiwan-China relations would have to be maintained on a "special state-to-state" basis.<sup>2</sup> Even so, Lee's re-definition has led to linguistic confusion in Chinese since the word *guojia* can mean "nation," "country" and even sometimes "state," with Taiwanese officials having to use the appropriate English language word for the purposes of clarity.<sup>3</sup>

While claiming only to be recognizing the situation as it actually exists, has President Lee begun a planned strategy leading to a unilateral declaration of independence (UDI) for Taiwan and, in so doing, changed the strategic paradigm between Taiwan and China? If so, with what implications for the international community, including Canada?

### Playing the "Sovereignty Card"

In choosing to play the so-called "sovereignty card" on German international radio, President Lee juxtaposed his regionally-destabilizing declaration with the pattern of West German-East German state-to-state relations during the latter half of the Cold War – the so-called German model of "two states in one nation". But he had already expressed this "state-to-state" view with the publication of his book, *Taiwan's Viewpoint* in May of 1999. In addition to his discussion of a "New Taiwanese Identity," Lee proposed that Beijing drop its "Greater China" strategic perception for re-integrating Taiwan into China. Rather, they should adopt a view of China as divided into seven blocs with full autonomy for Taiwan,

Tibet, Xinjiang, Mongolia and former Manchuria.<sup>4</sup> But the reunification of Taiwan with China – and similarly for the British Crown colony of Hong Kong and the Portuguese colony of Macao – has been a sacrosanct goal deeply ingrained in the Chinese communist leadership since their 1949 seizure of power. While he stopped short of calling for outright independence in either his book or the German radio interview, Lee has clearly challenged Beijing to publicly recognize the *de facto* China-Taiwan situation.

Over the past two decades, leaders in China, Taiwan, and the United States have agreed to the ambiguous view that there is only one China, with both the PRC leadership on the mainland and the KMT leadership on Taiwan claiming that they are the legitimate government of China, and that Taiwan is one of China's 23 provinces. This so-called "One China" policy has been the basis for the tentative cross-strait dialogue between representatives of Beijing and Taipei in recent years. But in a 1991 constitutional amendment, the KMT government limited its authority to only Taiwan and its occupied islets and recognized the legitimacy of the PRC's rule on the mainland. Renouncing any intentions to regain the mainland by force, it called for a "no haste, be patient" policy to develop cross-straits relations based on mutual benefits. Since then, Taipei has focused on cross-strait talks with Beijing on functional issues prior to tackling larger political issues including reintegration. These include low-level exchanges and co-ordinating actions on illegal immigration and combating cross-strait crime. All the while Taiwanese businessmen have been extensively investing – with estimates as high as US\$30 billion – in and trading with commercial enterprises in China, principally through third parties in Hong Kong.

Lee undertook his "state-to-state" gambit at a particularly low point in China's relations with the United States – Taiwan's most powerful ally – as well as with Japan and the European Union. The United States, although committed to providing de-

fensive weapons to Taiwan under the 1979 Taiwan Relations Act, has accepted the ambiguous "One China" policy while calling for the issue of Taiwan sovereignty to be settled peacefully. Nevertheless U.S. State Department officials earlier this year reportedly pressed Lee to accept an "interim" agreement that would cede sovereignty to China while blocking its direct interference in Taiwan's affairs.<sup>5</sup> In addition to countering such American pressure, Lee's use of the "sovereignty card" could weaken the growing popular support for the pro-independence Democratic Progressive Party (DPP) in favour of the KMT party candidate in the forthcoming presidential election in March 2000. Lee is in his second term as president and prohibited from running for a third term.

### Denouncement from Beijing

The immediate reaction of the Chinese communist leadership to the proposed redefinition of relations was to cut off all bilateral talks – talks which had only just resumed after a three-year break following China's 1996 missile firings in the Taiwan Straits. Beijing vitriolically denounced Lee as a pro-independence "splitist" calling for separatism for the "renegade province of Taiwan" and that this was part of an international campaign for diplomatic recognition, leading ultimately to a unilateral declaration of independence for Taiwan. His book had met similar hostility from Beijing, such as from the government *China Daily* newspaper which denounced his proposed devolution of power within China as an "outline for splitting the Chinese nation" to cause "the elimination of China from the planet".<sup>6</sup>

Following the breaking off of cross-strait talks, Chinese President Jiang Zemin reaffirmed that the CCP government would achieve the reunification of China "through peaceful means but it does not undertake to give up the use of force" to achieve this goal. Jiang went on to state that the two sides could "discuss anything" if Taiwan reverted to its earlier

"One China" policy.<sup>7</sup> But the advancing age of many senior Party and military leaders, the return of the colonies of Hong Kong in July 1997 and Macao in December 1999, and the 50th anniversary of the founding of the PRC on 1 October 1999 have increased the pressure on Beijing to reunite Taiwan – even if by military force. With the appeal of communist ideology in decline and greater popular interest in personal economic enhancement, the Party leadership has increasingly encouraged Chinese nationalism as a way to retain loyalty and support. Faced with the deflating impact of population growth – particularly greater unemployment and demand for more energy supplies – on China's capacity to maintain a necessary high economic growth rate, the Beijing leadership will increasingly focus on the goal of reuniting Taiwan for its nationalism appeal and to counter declining support for CCP authority.

Utilizing government-controlled media and pro-China media in Hong Kong in an aggressive "war of words" campaign, as well as highly-publicized coastal military exercises by PLA combined operational forces, the CCP leadership has sought to pressure Lee to step back from his "state-to-state" approach. They have had no success, however, as the ruling KMT party in its August 30th party congress resolution strongly supported Lee's stance by declaring that cross-strait relations "must be defined as a 'special state-to-state relationship' to usher in a new page for the two sides."<sup>8</sup> Even the usually hypersensitive Taipei Stock Exchange, which dropped 15 percent in the weeks following Lee's redefinition and Beijing's reaction, subsequently recovered the lost share prices.

### **The "New Taiwanese" Identity**

Over the past decade, Taiwan's economy has grown to be the 19th largest in the world and a leading global exporter of hi-tech manufacturing goods. At the same time, its political system has pursued a path of democratic reforms and direct elec-

tions. In his book, Lee described these economic and political changes on the island as providing a "new national identity" based on a Taiwanese consciousness. Recent opinion polls on the island suggest that 25 percent of the population now favour independence – up from 15 percent over the past six months – while almost 90 percent oppose the "one country, two systems" mechanisms which Beijing uses to manage Hong Kong since its return to China.<sup>9</sup> The KMT government has rejected those mechanisms as an unsuitable basis for any future China-Taiwan unification, claiming that, unlike Hong Kong and Macao, Taiwan had never been a colony of China or any other power. Instead, legitimacy of rule on the island comes "from the Taiwan people" and not from the people on the mainland, according to Lee. But, according to a 1999 "white paper" endorsed by 18 overseas Taiwanese associations – which include many who fled the island following the February 1947 massacres by the then-KMT provincial governor – neither the KMT nor the Chinese communists have the right to rule Taiwan.<sup>10</sup>

### **Implications for the International Community**

Heightening tensions across the straits impact on the international community in a number of ways. Culturally, in addition to the influential Taiwan government lobby in Washington D.C., there are large Taiwanese communities resident overseas (particularly in the United States and Canada) which lobby for Western support and recognition for the island.

In addition to its extensive cross-straits trade links through Hong Kong, Taiwan is one of the major export trading nations in the world, particularly of computer components. As well as being the largest global supplier of motherboards, keyboards, modems, local area network (LAN) cards, power supplies, monitors, cases, hubs, scanners, etc., the island supplies about half the world's semiconductor chips.<sup>11</sup> Due to the global

trade linkage in computers and electronics, any disruption in Taiwanese production would cause a worldwide shortage of personal computer (PC) components – as was seen after the disruption caused by the recent earthquakes on the island. This factor is of particular importance to Canada which is the only G-7 industrial country without a major chip-fabrication plant (though a Taiwanese high-tech firm is currently considering sites in Ottawa, Montreal, Burlington and Vancouver for construction of a joint-venture manufacturing plant).

In addition to being a major international air corridor, the Taiwan Straits are East Asia's major sea route through which essential oil shipments from the Middle East and South East Asia pass to destinations in Taiwan, Japan, South Korea, and even China, which has become a net oil importer. Any Chinese show of force could disrupt regional oil shipments, particularly to Taiwan, which is dependent upon oil imports with only about three weeks of fuel reserves stored near the southern port of Kaohsiung. This disruption of oil supplies to Taiwan and Japan would have economic repercussions on a global scale. Similarly, any cross-strait use of military force could damage the six nuclear power reactors in service (with one under construction) on the island – or alternatively the three nuclear power reactors on the mainland as well as another six under construction, including two Canadian Candu reactors being built outside Shanghai. Any damage to an operational reactor would cause a radiation environmental disaster to the dense populations on either side of the straits.

### **Prospects: Tensions in the Short-Term, Conflict in the Long-Term**

Has Lee's redefinition lead to a paradigm shift in China-Taiwan relations? The current 'crisis' across the straits is simply a continuation of the politico-military confrontation which existed when the KMT forces fled the mainland in 1949. What Lee did was to drop the agreed-upon political ambiguity of the "One China" policy by



publicly declaring that the actual state of affairs between China and Taiwan was that of strained relations between two states with common cultural and linguistic roots. But, in so doing, he may have hastened the CCP leadership's decision to order the use of military force against Taiwan. In short-term, China will continue to exert pressure on Taiwan until the PLA has the military capacity to seize the island outright or at least to force the Taipei government to negotiate on Beijing's terms.

At present, China has the military, economic and diplomatic capacity to raise tensions across the straits at any time, but it lacks the means to seize Taiwan. Militarily, time appears to be on the side of Beijing with its high priority on the rapid transformation of the PLA into a modern military force capable of "winning a regional war under high-tech conditions." Current armament programs include enhancing maritime air power and surface-to-surface missile capabilities. But economically and politically, Taiwan has the advantage with its technologically-advanced economic infrastructure and maturing democratic system. At the same time, China is suffering major adjustment pains as it seeks to rapidly develop within an emerging market economy still managed by a party-dominated state structure. Along with its push for rapid economic growth, China is again experiencing calls for political reforms – ten years after the military suppression of the pro-democracy demonstrations in Tiananmen Square in 1989.

In the short-term, Lee and his KMT strategists in Taipei have concluded that China will continue to rely on "aggressive psychological warfare" in the form of tension-producing political speeches, media articles, and coastal military exercises to limit any popular appeal for independence by the island's inhabitants

rather than by attempting an outright invasion. This was the apparent basis of Beijing's 1996 decision to fire missiles into the coastal waters of Taiwan during its presidential elections. Nevertheless, the current CCP leadership under Jiang Zemin appears to favour completing the "final phase" of Chinese reunification prior to the end of their elected tenure under the present 9th National People's Congress in 2003 — by force if necessary. Having guided the re-integration of Hong Kong and Macao into China, the achievement of the ultimate goal of re-unifying with Taiwan would ensure Jiang a place of honour in Communist Party, as well as Chinese, history. But the democratization of politics in Taiwan as well as its strong economic growth works against the attainment of this goal. And there has even been calls in the Taiwanese media that, should the PLA forces attack, Taiwan should retaliate militarily against mainland targets such as Shanghai – however counter-productive such a strategy would be.

For its part, the Taiwan government's strategy of "anything short of UDI" regarding China-Taiwan relations will ensure that tensions continue. While this strategy is likely to pressure China to make further limited shows of military force (if only to counter support for independence on the island), the leadership in Beijing will likely wait until after the new Taiwanese president – to be elected in March 2000 – declares his position on the sovereignty issue. In the longer run, a "short-of-UDI" strategy by Taiwan could persuade the ageing communist leadership to mount a conventional assault to seize Taiwan – even though it would destabilize the East Asian region and disrupt world trade. What is almost certain is that an outright declaration of independence by Taiwan would trigger a major regional conflict – drag-

ging in the United States and possibly Japan.

#### Notes

- 1 Reuters news report, Taipei, 30 July 1999.
2. Interview with *Deutsche Welle*, Taipei, Office of the President, ROC-Taiwan, 9 July 1999.
3. *New York Times*, 21 July 1999.
4. Agence France Presse news report, Taipei, 16 May 1999.
5. *New York Times*, 9 August 1999.
6. *China Daily*, 31 May 1999.
7. "Jiang sets conditions for Taiwan talks," Reuters news report, Canberra, 8 September 1999.
8. Agence France Presse news report, Taipei, 30 August 1999.
9. Reuters news report, Taipei, 5 September 1999.
10. "The New Taiwan Person", MSNBC news report, Taipei, 30 September 1999.
11. *San Jose Mercury*, 9 August 1999.



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